



PRACTICE GUIDELINE 499.03

PRUDENTIAL REPORTING UNDER THE SIS ACT

March 2011

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Institute of Actuaries of Australia

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1 INTRODUCTION

1.1 Application

1.1.1 This Practice Guideline applies to Members:

- (a) performing actuarial functions under the SIS Act, the SIS Regulations or the Financial Sector (Collection of Data) Act 2001 (Cth) in respect of an Entity; and
- (b) so far as is relevant, involved in any capacity with superannuation funds (refer paragraph 5.3).

1.1.2 In particular, this Practice Guideline deals with the responsibilities of Members in relation to:

- (a) the compliance of an Entity with particular legislative requirements under section 129 of the SIS Act;
- (b) the solvency (unsatisfactory financial position) of an Entity, as set out in section 130 of the SIS Act;
- (c) the provision of information regarding an Entity, or the trustee of an Entity, as set out in section 130A of the SIS Act; and
- (d) a failure to implement actuarial recommendations for an Entity as set out in section 130C of the SIS Act.

1.2 Classification

1.2.1 This Practice Guideline has been prepared in accordance with Council's Policy for Drafting and Developing Practice Guidelines. It must be applied in the context of the Institute's Code of Professional Conduct.

1.2.2 This Practice Guideline is not mandatory.

1.2.3 Nevertheless, if the Professional Services provided by a Member are covered to any extent by this Practice Guideline, a Member should consider explaining any significant departure from this Practice Guideline to the Principal, and document such explanation.

1.3 Background

1.3.1 This Practice Guideline replaces and updates the guidance previously contained in Guidance Note 460 (Prudential Reporting to the Trustees and the Regulator) which was issued in December 1994. Sections 129, 130 and 130C of the SIS Act require an Eligible Actuary, in certain circumstances, to report to the trustee of an Entity or to the Regulator.

1.3.2 Section 129 of the SIS Act relates to compliance with the SIS Act and SIS Regulations and applies to an Eligible Actuary in relation to an Entity if:



- (a) the Eligible Actuary forms the opinion that it is likely that a contravention of the SIS Act, SIS Regulations, the Financial Sector (Collection of Data) Act 2001 (Cth) or the Corporations Act 2001 (Cth) may have occurred, may be occurring or may occur; and
- (b) that opinion was formed in the course of, or in connection with, the performance by the Eligible Actuary of actuarial functions under the SIS Act, SIS Regulations or the Financial Sector (Collection of Data) Act 2001 (Cth),

but does not apply if the Eligible Actuary has formed an honest belief that his or her opinion is not relevant to the performance of those functions.

1.3.3 Section 130 of the SIS Act relates to the financial position of an Entity and applies to an Eligible Actuary if:

- (a) the Eligible Actuary forms the opinion that the financial position of the Entity may be, or may be about to become, unsatisfactory; and
- (b) that opinion was formed in the course of, or in connection with, the performance by the Eligible Actuary of actuarial functions under the SIS Act, the SIS Regulations or the Financial Sector (Collection of Data) Act 2001 (Cth). SIS Regulation 9.03(4) may deem an actuarial function to have been performed for the purposes of section 130 of the SIS Act.

Members are reminded that, in forming an opinion for the purposes of section 130(1)(a) of the SIS Act as to whether the financial position of a Defined Benefit Fund may be about to become unsatisfactory, an Eligible Actuary must, under SIS Regulation 9.03(1), consider whether, at the end of the 3-year period immediately following the date at which the Eligible Actuary's calculations are done, the value of the assets of the Entity is likely (based on the Eligible Actuary's reasonable expectations) to be inadequate to meet the value of the vested benefits.

1.3.4 Each of sections 129 and 130 of the SIS Act only apply where the Eligible Actuary's opinion was formed in the course of, or in connection with, the performance of the stipulated actuarial functions. Without this qualification, superannuation funds may have been reluctant to use actuaries for functions other than those specifically required by the SIS Act and the SIS Regulations. As such a result would have potentially been to the detriment of superannuation funds, this qualification was included.

1.3.5 Section 130C of the SIS Act relates to the failure to implement an actuarial recommendation relating to contributions to a Defined Benefit Fund by the employer-sponsor of the Defined Benefit Fund that a trustee of the Defined Benefit Fund, or an employer-sponsor of the Defined Benefit Fund, was required to implement and that was contained in:



- (a) a report from an Eligible Actuary obtained under the SIS Regulations or obtained in accordance with a requirement of the SIS Regulations; or
- (b) a document prescribed by the Regulations for the purposes of section 130C(1)(a) of the SIS Act,

but only applies where the Eligible Actuary's opinion was formed in the course of, or in connection with, the performance by the Eligible Actuary of actuarial functions under the SIS Act, the SIS Regulations or the Financial Sector (Collection of Data) Act 2001 (Cth).

1.3.6 Under sections 129(3A), 130(2A) and 130C(3) of the SIS Act, an Eligible Actuary may not have to tell the Regulator or trustee about the matter where the Eligible Actuary has been told by another person to whom the relevant section applies that the other person has told the Regulator or trustee about the matter and the Eligible Actuary has no reason to disbelieve that other person.

1.3.7 Section 130A of the SIS Act provides that an Eligible Actuary may, in certain circumstances, give information regarding an Entity or the trustee of an Entity to the Regulator. This applies only where:

- (a) the information was obtained in the course of, or in connection with, the performance of actuarial functions under the SIS Act, the SIS Regulations, the Financial Sector (Collection of Data) Act 2001 (Cth) or the Corporations Act 2001 (Cth); and
- (b) the Eligible Actuary considers that giving the information will assist the Regulator in performing its functions under the SIS Act, the SIS Regulations or the Financial Sector (Collection of Data) Act 2001 (Cth).

1.3.8 Section 130B of the SIS Act removes the privilege against self-incrimination in respect of compliance with sections 129 and 130 of the Act.

1.4 Purpose

The purpose of this Practice Guideline is to assist Members in:

- (a) understanding the requirements of sections 129, 130, 130A and 130C of the SIS Act in relation to Entities; and
- (b) understanding the extent to which their professional obligations and responsibilities in relation to prudential reporting may extend beyond the legislative requirements referred to in (a).

1.5 Previous versions

This Practice Guideline replaces Guidance Note 460 (Prudential Reporting to the Trustees and the Regulator) which was issued in December 1994.



1.6 Legislation

- 1.6.1 The key legislation relevant to this Practice Guideline is the SIS Act, the SIS Regulations, the Financial Sector (Collection of Data) Act 2001 (Cth) and the Corporations Act 2001 (Cth).
- 1.6.2 A reference to legislation or a legislative provision in this Practice Guideline includes any statutory modification, or substitution of that legislation or legislative provision and any subordinate legislation issued under that legislation or legislative provision.
- 1.6.3 If there is a conflict between this Practice Guideline and any legislation, then the legislation takes precedence, and best practice is to document any Material differences. In this context, legislation includes regulations, prudential standards, subordinate standards, rules issued by government authorities, and standards issued by professional bodies which have the force of law.
- 1.6.4 The relevant provisions of the SIS Act and the SIS Regulations discussed in this Practice Guideline leave a number of terms and expressions undefined and thus open to interpretation. As such, each Member should form his or her own opinion as to the action required under the relevant legislation depending upon the particular circumstances, taking into account the guidance provided in this Practice Guideline.

2 COMMENCEMENT DATE

This Practice Guideline commences on 1 April 2011.

3 DEFINITIONS

- 3.1 In this Practice Guideline:

'Accumulation Fund' has the same meaning as set out in SIS Regulation 1.03.

'Code' means the Code of Professional Conduct of the Institute.

'Defined Benefit Fund' has the same meaning as set out in SIS Regulation 1.03.

'Entity' has the same meaning as "superannuation entity" under section 10 of the SIS Act.

'Material' means important or essential in the opinion of the Member. For this purpose, 'Material' does not have the same meaning as in Australian accounting standards.

'Regulator' has the same meaning as set out in the SIS Act.



'SGA Act' means the Superannuation Guarantee (Administration) Act 1992 (Cth).

'SIS Act' means the Superannuation Industry (Supervision) Act 1993 (Cth).

'SIS Regulations' means the Superannuation Industry (Supervision) Regulations 1994 (Cth).

'Trustee' has the same meaning as set out in the SIS Act.

'Unsatisfactory Financial Position' has the same meaning as set out in SIS Regulation 9.04.

3.2 Other capitalised terms in this Practice Guideline have the same meaning as set out in the Code.

3.3 A word that is derived from a defined word has a corresponding meaning.

4 EVIDENCE OF A CONTRAVENTION

4.1 Section 129(1) of the SIS Act applies if an Eligible Actuary forms an opinion that it is likely that a contravention of the SIS Act, SIS Regulations, the Financial Sector (Collection of Data) Act 2001 (Cth) or the Corporations Act 2001 (Cth) may have occurred, may be occurring or may occur.

4.2 For section 129 of the SIS Act to apply, the Eligible Actuary should be satisfied "on the balance of probabilities" that a contravention may have occurred, may be occurring, or may occur.

4.3 In forming the opinion as to whether a contravention "may occur", the Eligible Actuary should be satisfied that there is sufficient information to enable a conclusion that, on the balance of probabilities, a contravention may occur in the foreseeable future.

4.4 In relation to a contravention that may have occurred in the past, the fact that such contravention has not been revealed as part of a subsequent audit of an Entity does not change the Eligible Actuary's responsibilities under the SIS Act.

4.5 A contravention of legislation or regulations preceding the SIS Act, SIS Regulations, the Financial Sector (Collection of Data) Act 2001 (Cth) or the Corporations Act 2001 (Cth) is not a contravention of that legislation for the purposes of section 129 of the SIS Act.

5 PERFORMING AN 'ACTUARIAL FUNCTION'

5.1 'Actuarial function'

5.1.1 The SIS Act and SIS Regulations specify a number of actuarial functions but an actuary may also carry out other actuarial functions.



- 5.1.2 In the case of a Defined Benefit Fund, the specified actuarial functions are:
- (a) preparation of a funding and solvency certificate in accordance with SIS Regulation 9.09;
 - (b) declaration of technical insolvency in accordance with SIS Regulation 9.16;
 - (c) preparation of a special funding and solvency certificate in accordance with SIS Regulation 9.18;
 - (d) actuarial management during a period of technical insolvency in accordance with SIS Regulation 9.19;
 - (e) recommending a course of action in place of winding up a Defined Benefit Fund in accordance with SIS Regulation 9.24;
 - (f) an actuarial investigation and report in accordance with SIS Regulations 9.29 to 9.33 inclusive;
 - (g) providing an actuarial certificate under section 117 of the SIS Act in relation to a payment to an employer;
 - (h) providing an actuarial certification under Part 12 of the SIS Regulations in relation to pre-1 July 1988 funding credits; and
 - (i) preparation of benefit certificates for the purposes of the SGA Act. While this function does not receive particular mention in the SIS Act and SIS Regulations, the minimum requisite benefits resulting from a benefit certificate are referred to in the SIS Act and, as such, are considered to constitute an 'actuarial function'.
- 5.1.3 In the case of an Accumulation Fund, the specified actuarial functions are:
- (a) actuarial management during a period of technical insolvency in accordance with SIS Regulation 9.39;
 - (b) recommending a course of action in place of winding up an Accumulation Fund in accordance with SIS Regulation 9.44;
 - (c) providing an actuarial certificate under section 117 of the SIS Act in relation to a payment to an employer; and
 - (d) preparation of benefit certificates for the purposes of the SGA Act. While this function does not receive particular mention in the SIS Act and SIS Regulations, the minimum requisite benefits resulting from a benefit certificate are referred to in the SIS Act and, as such, are considered to constitute an 'actuarial function'.



5.2 Performance of the actuarial function

- 5.2.1 For section 129 of the SIS Act to apply, the Eligible Actuary must form the opinion (that it is likely that a relevant contravention may have occurred, may be occurring or may occur) in the course of performing one of the actuarial functions described in clauses 5.1.2 and 5.1.3 above. Where an Eligible Actuary is performing one of the actuarial functions so described, but has delegated tasks to a person who is not the Eligible Actuary performing that function, it is considered that all information available to the delegate must also be available to the Eligible Actuary performing the actuarial function. Accordingly, such a delegation would not alter the Eligible Actuary's responsibilities under the SIS Act.
- 5.2.2 Section 129 of the SIS Act is further restricted to situations where the opinion in relation to non-compliance is relevant to the performance of the actuarial function. No statutory action needs to be taken by the Eligible Actuary in relation to a breach that is not relevant to the actuarial function being performed.
- 5.2.3 It is generally accepted that "not relevant to the performance of the actuarial function" would apply where the breach:
- (a) does not have a direct or indirect Material impact on the outcome of the actuarial function; or
 - (b) is not related to the actuarial function.

By way of illustration, assume that an Eligible Actuary discovers a breach of the SIS Regulations whilst performing a three yearly actuarial review for the purpose of the SIS Regulations. Whether the contravention needs to be reported depends upon whether it is relevant to the performance of the actuarial function. Whilst a breach may not appear to be relevant to the performance of the actuarial function, a breach that is serious enough to threaten the complying status of an Entity would be relevant to the performance of an actuarial review because of the potential impact on the financial position and, as such, would need to be reported (subject to the operation of sections 129(3A), 130(2A) and 130C(3) of the SIS Act).

- 5.2.4 Sections 130 and 130C of the SIS Act do not include the further restriction described in clause 5.2.2 above. In essence, it is assumed that forming an opinion about an Unsatisfactory Financial Position, or identifying a failure to contribute in accordance with actuarial recommendations, whilst undertaking an actuarial function is relevant to that actuarial function.

5.3 Deemed performance of an actuarial function

It is important to note that SIS Regulation 9.03(4) provides that if, in the course of performing a function under the SIS Act or SIS Regulations, an Eligible Actuary obtains sufficient information to enable the Eligible Actuary to assess the financial position of the Entity for the purposes of section 130 of the SIS Act, then the Eligible Actuary is taken to have



performed an actuarial function under the SIS Act or SIS Regulations. SIS Regulation 9.03(4) therefore effectively modifies the qualification in relation to section 130 of the SIS Act where that information was obtained during the performance of *any* function under the SIS Act or SIS Regulations, not merely an actuarial function.

6 OPINION ON FINANCIAL POSITION

6.1 Section 130 of the SIS Act applies if an Eligible Actuary forms the opinion that the financial position of an Entity may be, or may be about to become, unsatisfactory.

6.2 In relation to the latter situation, for:

(a) a Defined Benefit Fund, SIS Regulation 9.03(1) specifies that the test is whether, on the Eligible Actuary's reasonable expectations, the value of the assets of the Entity at the end of the three year period immediately following the date on which the Eligible Actuary's calculations are done, is likely to be inadequate to meet the value of the vested benefits; and

(b) an Accumulation Fund, the legislation does not specify any particular time horizon.

6.3 SIS Regulation 9.03(1) specifies a time horizon of three years in determining whether the financial position may be about to become unsatisfactory for a Defined Benefit Fund. This test is the same as that required by SIS Regulation 9.31. Accordingly, the same approach to making the statements required under SIS Regulation 9.31 is generally adopted in determining whether the financial position of the Entity may be, or may be about to become, unsatisfactory. (Also note clause 11.3(b) of this Practice Guideline.)

6.4 Section 130 of the SIS Act applies when the opinion is formed based on information obtained in the course of performing any function under the SIS Act or SIS Regulations (refer SIS Regulation 9.03(4), as discussed in clause 5.3 above). The obtaining of the information required to undertake calculations that would allow the forming of an opinion does not require an Eligible Actuary to undertake those calculations in order to form such an opinion.

6.5 In particular, the forming of an opinion may require a three year projection of assets and liabilities. Access to information that would permit such a projection does not require an Eligible Actuary to undertake such a projection.

6.6 Conversely, where it was clear to an Eligible Actuary from the information provided that the financial position may be, or may be about to become, unsatisfactory, then an opinion would have been formed for the purposes of section 130 of the SIS Act.



6.7 No part of sections 129 or 130 of the SIS Act *requires* an Eligible Actuary to undertake a calculation or projection in any circumstances.

6.8 Section 130(7) provides that the financial position of an Entity is taken to be unsatisfactory if, and only if, under the SIS Regulations, its financial position is unsatisfactory.

7 DETERMINATION OF UNSATISFACTORY FINANCIAL POSITION

7.1 Unsatisfactory financial position

An unsatisfactory financial position in relation to an Entity is defined in SIS Regulation 9.03(1) and SIS Regulation 9.04 with the relevant calculations requiring assessments of the value of assets and vested benefits for the Entity.

7.2 Value of assets

In determining the value of assets to be used for the purposes of section 130 of the Act, the Eligible Actuary must comply with Professional Standard 404 (Valuation of Superannuation Fund Assets).

7.3 Vested benefits

Vested benefits are the benefits (or the value of the benefits where appropriate – for example, where benefits are in the form of a pension or deferred benefit) to which the member of the Fund would have the right to payment if the member voluntarily ceased employment as determined in accordance with Professional Standard 400 (Investigations of the Financial Condition of Defined Benefit Superannuation Funds).

7.4 Aggregate benefit accounts / benefits accrued

The terms “aggregate benefit accounts” and “benefits accrued” used in SIS Regulation 9.04 are not defined, but are commonly interpreted as the total of members’ accounts in an Entity, excluding accounts not allocated to members.

8 ADVICE TO TRUSTEES/REGULATOR

8.1 Contraventions of legislation (section 129 of the SIS Act)

8.1.1 If section 129 of the SIS Act applies, an Eligible Actuary is required to immediately advise the trustee of an Entity in writing about the matter, unless the Eligible Actuary has been told by another person to whom the relevant section applies that the other person has told the trustee about the matter and the Eligible Actuary has no reason to disbelieve that other person.



8.1.2 If section 129 of the SIS Act applies, an Eligible Actuary is required to immediately advise the Regulator:

- (a) in writing about the matter, if the Entity is not a self-managed superannuation fund and the contravention about which the Eligible Actuary has formed an opinion is of such a nature that it may affect the interests of members or beneficiaries; or
- (b) in the approved form, if the Entity is a self-managed superannuation fund,

unless the Eligible Actuary has been told by another person to whom the relevant section applies that the other person has told the Regulator about the matter and the Eligible Actuary has no reason to disbelieve that other person.

8.1.3 In circumstances other than those described in clause 8.1.2 above, the Eligible Actuary may also advise the Regulator, but is not obliged to do so. Members are reminded that, in such circumstances, the Member would not have the benefit of the protections described in Section 9.1 of this Practice Guideline.

8.2 Possible Unsatisfactory Financial Position (section 130 of the SIS Act)

8.2.1 If section 130 of the SIS Act applies, the Eligible Actuary is required immediately to advise the trustee of the Entity in writing about the matter, unless the Eligible Actuary has been told by another person to whom the relevant section applies that the other person has told the trustee about the matter and the Eligible Actuary has no reason to disbelieve that other person.

8.2.2 If section 130 of the SIS Act applies, the Eligible Actuary is required immediately to advise the Regulator in writing about the matter, unless the Eligible Actuary has been told by another person to whom the relevant section applies that the other person has told the Regulator about the matter and the Eligible Actuary has no reason to disbelieve that other person.

8.3 Discretion to provide information to the Regulator (section 130A of the SIS Act)

8.3.1 It is a matter for the Eligible Actuary's professional judgment to determine if they provide information under section 130A of the SIS Act to the Regulator.

8.3.2 The circumstances of the case are expected to dictate what, if any, information is provided to the Regulator to assist it in performing its functions under the SIS Act, the SIS Regulations, the Financial Sector (Collection of Data) Act 2001 (Cth) or the Corporations Act 2001 (Cth).



8.3.3 If in doubt about the action to be taken in a particular case, a Member should consider his or her obligations under the Code and act accordingly. This may include the Eligible Actuary obtaining legal advice on their liability position before acting or obtaining guidance from a suitably qualified and experienced Eligible Actuary. Due consideration should also be made of the matters referred to in section 9 of this Practice Guideline.

8.4 Failure to implement actuarial recommendations (section 130C of the SIS Act)

8.4.1 If section 130C of the SIS Act applies, an Eligible Actuary is required, as soon as practicable after forming the relevant opinion, to advise the trustee of the Entity in writing about the matter, unless the Eligible Actuary has been told by another person to whom the relevant section applies that the other person has told the trustee about the matter and the Eligible Actuary has no reason to disbelieve that other person.

8.4.2 If section 130C of the SIS Act applies, and if the failure to implement the relevant actuarial recommendation is of such a nature that it may affect the interests of members or beneficiaries, an Eligible Actuary is required, as soon as practicable after forming the relevant opinion, to advise the Regulator in writing about the matter, unless the Eligible Actuary has been told by another person to whom the relevant section applies that the other person has told the Regulator about the matter and the Eligible Actuary has no reason to disbelieve that other person.

8.4.3 In circumstances other than those described in clause 8.4.2 above, the Eligible Actuary may also advise the Regulator, but is not obliged to do so. Members are reminded that, in such circumstances, the Member would not have the benefit of the protections described in Section 9.1 of this Practice Guideline.

9 LIABILITY, WHISTLEBLOWING AND SELF INCRIMINATION

9.1 Under each of sections 129(4), 130(3) and 130C(5) of the SIS Act, an Eligible Actuary to whom the principal sections apply is not liable in a civil action or civil proceeding in relation to advising the Regulator or a trustee of an Entity about a matter as required by those principal sections.

9.2 In the event that an Eligible Actuary believes a report to the Regulator should be made under the provisions of section 130A of the SIS Act, the Eligible Actuary is reminded that the statutory protection only extends to actions which come within the provisions of sections 129, 130 and 130C of the SIS Act (refer clause 9.1 of this Practice Guideline).

9.3 In circumstances where an Eligible Actuary takes action in relation to a presumed contravention or Unsatisfactory Financial Position, but the SIS Act does not require such action (for example, where an Eligible Actuary acts on the basis of his or her general professional responsibilities):



- (a) it may be prudent to confine such action to communication with the trustees of the Entity; and
 - (b) an Eligible Actuary who felt that a report to the Regulator was warranted should consider whether to obtain legal advice on his or her liability position before acting.
- 9.4 Section 130B of the SIS Act provides that the Eligible Actuary is not excused from complying with a requirement to give information under sections 129 or 130 of the SIS Act on the ground that doing so would tend to incriminate the Eligible Actuary or make the Eligible Actuary liable to a penalty. However, in certain circumstances, information so given is not admissible in evidence against the Eligible Actuary in a criminal proceeding or a proceeding for the imposition of a penalty (other than a proceeding in respect of the falsity of the information).

10 PENALTIES

- 10.1 An Eligible Actuary who contravenes sections 129, 130 or 130C of the SIS Act is guilty of an offence punishable on conviction by a fine.
- 10.2 Such a conviction would also constitute *prima facie* Actionable Conduct under the Institute's Disciplinary Scheme and may result in disqualification as an Eligible Actuary for an Entity or removal as Eligible Actuary to such Entities.

11 PROFESSIONAL RESPONSIBILITY

- 11.1 This section of this Practice Guideline is included to remind Members of their professional obligations when dealing with superannuation funds generally, including their obligations under the Code.
- 11.2 Members have a professional responsibility in regard to prudential reporting that may extend further than the specific requirements of the SIS Act and SIS Regulations. Accordingly, there are circumstances in which Members may be expected to take action, notwithstanding that the SIS Act and SIS Regulations do not require any action.
- 11.3 The following examples, which are not exhaustive, illustrate circumstances where Members may generally be expected to impose higher standards than those imposed by the SIS Act or SIS Regulations:
- (a) where an Eligible Actuary forms an opinion that a contravention of the SIS Act or SIS Regulations may have occurred, may be occurring or may occur, but section 129 of the SIS Act does not apply (that is, the opinion was not formed in the course of, or in connection with, the performance of an actuarial function, or the opinion is not relevant to the actuarial function), the Eligible Actuary should still notify the trustee if the contravention is Material



and the Eligible Actuary believes the trustee is not aware of the contravention or potential contravention;

- (b) SIS Regulation 9.03(1) refers to assessing whether a Defined Benefit Fund's financial position "may be about to become unsatisfactory" in terms of the value of assets and vested benefits at the end of the specified three year period. Members should interpret this as a continuous test;
- (c) where the Eligible Actuary forms the opinion that an Entity will (on reasonable expectations) be in a satisfactory financial position for a period of three years but will not be in a satisfactory financial position some time shortly after the expiry of three years, the Eligible Actuary should report this to the trustees as if section 130 of the SIS Act applied;
- (d) neither the SIS Act nor the SIS Regulations place any time limit on the meaning of the words "may be about to become" in section 130 of the SIS Act with regard to assessing an Unsatisfactory Financial Position of an Accumulation Fund. Members should consider a three year time frame in determining whether an Accumulation Fund's financial position may be about to become unsatisfactory;
- (e) a Member who is requested to undertake an actuarial function for an Entity where actuarial functions have previously been undertaken by another Eligible Actuary is reminded of his or her obligations under the Code with respect to consultation with the other Eligible Actuary. Members should be aware of the potential problems that may arise if one Eligible Actuary were to accept the actions proposed by the trustees of an Entity in response to an Unsatisfactory Financial Position where the previous Eligible Actuary has not accepted those proposed actions.

END OF PRACTICE GUIDELINE 499.03